



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Stearns Bank National Association
Charter Number: 15576**

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St. Cloud, MN 56301**

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Stearns Bank National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Investments that reflect an excellent responsiveness by Stearns to the needs of the AA and the bank's broader regional area.
- Lending levels that reflect a good responsiveness by Stearns to the needs of the AA.
- Adequate distribution of loans by income level to borrowers in the AA.
- Adequate distribution of loans among geographies throughout the AA.
- Community Development loans had a positive impact on the lending test rating.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

Stearns Bank National Association (Stearns) is a \$550 million commercial bank located in St. Cloud, Minnesota. Stearns is an intrastate bank with one branch located in the city of Albany, Minnesota.

Stearns is owned by Stearns Financial Services, Inc. (SFSI), a \$849 million holding company headquartered in St. Cloud, Minnesota. SFSI has six majority-owned national bank subsidiaries, five are located in Minnesota and one in Arizona.

Stearns is primarily a business bank focussing on commercial and commercial real estate lending. Stearns is a nationally known leader in Section 42 Low Income Housing Tax Credit Financing (LIHTC) loans, United States Department of Agriculture (USDA) loan products, and Small Business Administration (SBA) Loans. Stearns ranked 3rd in the nation in USDA loans made in the USDA's most recent fiscal year end, September 30, 2001. During the same period, Stearns was 6th in the state of Minnesota in SBA loan volume.

As of December 31, 2001, net loans and leases represent 84% of total assets and 108% of total deposits. Commercial loans and leases represent roughly 94% of Stearns' total loans.

Stearns markets its business loan products across the entire United States. During the evaluation period, 25% of the number of small business and small farm loans and 53% of the dollar volume of these loans were made outside of the bank's assessment area.

Stearns ranks 3rd in the nation in USDA loans made in the USDA's most recent fiscal year end, September 30, 2001. During the evaluation period Stearns originated 25 USDA loans for nearly \$137 million. These loans are originated throughout the United States. None of the loans were made to small farms or small businesses in the AA.

Stearns is a SBA preferred lender in Minnesota, Iowa, South Dakota, and Wisconsin. The bank placed 6th in the State of Minnesota for the 12 months ending September 30, 2001. During the evaluation period, Stearns made 335 SBA loans for a total of \$115 million. Of these totals, 113 loans for \$38 million were made within the AA.

Stearns is active in home equity lending, but as allowed by the HMDA regulation they have chosen not to report these loans on their HMDA LAR. During the evaluation period, Stearns made a total of 259 home equity lines of credit totaling nearly \$10.9 million in its AA (This data was reported by bank management but not verified during the examination).

Stearns is a highly profitable bank with good capital levels. The annualized return on assets (ROA) over the evaluation period is approximately 2.3%. The December 31, 2001 Tier 1 capital ratio is 11.43%.

Stearns' CRA performance was rated "Satisfactory Record of Meeting Community Credit Needs" at its last CRA examination dated February 16, 1999.

There are no financial, legal, or other factors which impede the bank's ability to meet its CRA obligations.

Scope of the Evaluation

Evaluation Period/Products Evaluated

With the exception of community development (CD) loans, the evaluation period of the Lending Test is January 1, 1999 through December 31, 2001. For CD loans, the Investment Test and the Service Test, the evaluation period is February 17, 1999 through April 29, 2002.

For the lending test, Stearns' origination/purchase of home mortgage loans, small loans to businesses, small loans to farms, and CD loans were evaluated. Market comparisons for home mortgage lending and small business and farm lending are based on 2000 peer data. This was the most recent data available at the time of the examination.

At the bank's request, we considered qualified CD investments made by its affiliates; Stearns Bank Holdingford N.A. and Stearns Bank Upsala N.A..

Data Integrity

As part of this CRA evaluation, Stearns' publicly filed information on home mortgage loans, small loans to businesses, and small loans to farms was tested for accuracy. The test included an evaluation Stearns' processes to ensure that data reported is reliable.

No significant errors were found in any of the reported data. As a result, this evaluation is based on accurate data.

CD loans, investments and services submitted by Stearns' management were verified to ensure they meet the regulatory definition for CD. Except for a couple of minor items, we accepted the submitted CD loans, investments, and services.

Selection of Areas for Full-Scope Review

Stearns has one assessment area (AA) consisting of Benton, Sherburne, and Stearns Counties. We completed a full-scope review of this AA.

Ratings

When determining conclusions for the Lending Test, loans to small businesses were weighted more heavily than home mortgage loans or loans to small farms. Home mortgage loans and loans to small farms received similar consideration. Within home mortgage lending, home refinance products were weighted more heavily than home purchase or home improvement. These weightings reflect Stearns' loan volume by product type over the evaluation period. CD loans had a positive impact on the lending test rating.

Other

Eight community contact reports were reviewed during the evaluation and one new contact was established. The contacts included community housing and economic development organizations. The primary need within the St. Cloud AA is affordable housing. High housing

costs exceed the capacity of many wage earners within the AA. The lack of affordable housing is the single largest hurdle low- and moderate-income families face. Contacts indicate that finding financing is not difficult once properties and projects are started by developers.

Financial institution competition for small business customers throughout the AA is strong. The Market Profile in Appendix B of this Evaluation contains more information concerning the bank's AA.

Fair Lending Review

An analysis of the most recent public comments, HMDA data, small business and small farm data, and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1999.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory." The bank's performance in its AA is good.

Lending Activity

Refer to Table 1 - Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

In the AA, approximately 58% of the reported loans originated/purchased during the evaluation period were loans to small businesses. Home mortgage loans represent 23% and loans to small farms, 19%.

Among home mortgage loan originations/purchases, approximately 57% were for home mortgage refinance, 32% for home purchase, 10% for home improvement, and just over 1% for multi-family housing.

As of June 30, 2001, Stearns deposit market share of 17.5 %, with just over \$500 million in deposits, led the AA. This figure is quite misleading as many of Stearns' deposits come from outside of the AA via a nationally marketed money market account and from brokered deposits. Factoring out deposits received outside of the bank's AA leaves only \$167 million in deposits and a market share of about 5.8%. This would place them 7th within the AA.

Stearns' lending activity within the AA is good. Stearns' market share of small business and small farm loans exceeds its adjusted deposit market share.

Based on 2000 CRA aggregate data, Stearns is number two in small business loans made in the AA with a market share of nearly 12%. The top lender in the AA is a credit card bank. Stearns is also very active in small business lending outside of the AA. During the evaluation period Stearns made an additional 641 small business loans for a total of \$147 million outside of the AA.

Stearns is tied as the number one reporting lender of small farms made in the AA with a market share of 33.7%. Only 12 banks report small farm loans in the AA, with many small non-CRA reporting banks doing significant small farm lending.

Based on 2000 HMDA aggregate data, Stearns performance in home mortgage lending demonstrates its strategic focus as a commercial bank, with a limited focus on home mortgage lending. Stearns has between one percent and two percent of the market share of home purchase, refinance, and home improvement loans and ranks anywhere from 15th to 21st among financial institutions within the AA.

Distribution of Loans by Income Level of the Geography

The geographic distribution of Stearns' small business loans, small farm loans and home mortgage loans reflects adequate penetration throughout the AA.

Performance Context Issues

The AA has only one low-income tract and only one moderate-income tract. Home mortgage lending to the low-income tract is very difficult. The low-income tract is a small tract located in downtown St. Cloud with only 313 housing units. Owner-occupied housing within the tract is only .02% of housing units. The moderate-income tract is located at the edge of the bank's AA making all lending to this tract somewhat difficult.

Stearns bank has a limited market share from 1% to 2% for home mortgage loans made within the AA. The focus of the bank is on small business lending.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. The volume of Stearns' multi-family loans was not significant enough to perform a meaningful analysis.

The overall geographic distribution of home mortgage loans is adequate.

Home purchase, home improvement, and refinance loan geographical distribution is adequate. The limited number of owner-occupied units in the AA's low- and-moderate income tracts makes analysis of the geographical distribution of home mortgage loans difficult. Stearns does not have any home mortgage loans within the low- and-moderate income tracts.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. The portion of small loans to businesses made in low-income geographies exceeds the portion of businesses that are within those geographies. The portion of small loans to businesses in moderate-income geographies is below the portion of businesses that are within those geographies. There is only one moderate-income tract and the distance from Stearns' banking locations to this tract contributes to the low percentage. This tract is also served by several other financial institutions.

Small Loans to Farms

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of small loans to farms is adequate. No loans were extended in low-income geographies, which is to be expected as the only low-income tract is in downtown St. Cloud. The portion of small loans made in moderate-income geographies is below the portion of farms that are in that geography. There is only one moderate-income tract and the distance from Stearns' banking locations to this tract contributes to the low percentage. This tract is also served by several other financial institutions.

Lending Gap Analysis

Maps and reports detailing Stearns' lending activity over the evaluation period for home mortgage loans, small loans to businesses, and small loans to farms were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

A majority of the home mortgage loans and small loans originated/purchased by Stearns over the evaluation period were within its AA. A substantial majority of the small loans to farms were within the AA. Sixty-seven percent of the bank's home mortgage loans, 70% of the small loans to businesses, and 96% of the small loans to farms were within its AA. None of the community development loans were within the AA. The loans were made within a broader regional area that includes the AA. Stearns adequately meets the community development needs of its AA through CD investments.

The level of loans made within the AA had a neutral effect on the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of Stearns' home mortgage loans, small loans to businesses, and small loans to farms reflects an adequate dispersion among borrowers of different income levels throughout the AA.

Performance Context Issues

In the evaluation of the borrower distribution of Stearns' home mortgage loans in the AA, the increased difficulty in home mortgage lending to low-income borrowers associated with high housing costs was considered. Community contacts indicated that a significant number of households do not qualify for home mortgage products. Nearly 12% of the households in the AA are below the poverty level. It is difficult for the very low-income borrowers to purchase a home in the AA and opportunities for home improvement and home refinance loans are limited to those borrowers. These mitigating reasons were factored into our borrower distribution analysis that follows.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is adequate. Significant weight was given to refinance loans due to the bank's number of refinance loans.

Home purchase loan borrower distribution is good. The portion of loans made to low-income borrowers is below the comparable demographic, but is considered good based on the mitigating factors discussed in the performance context. The portion of loans made to moderate-income borrowers exceeds the comparable demographic. The market shares for both low- and-moderate income borrowers are somewhat lower than Stearns' overall market share for home purchase loans.

Home improvement loan borrower distribution is good. The portion of loans made to low-income borrowers is below the comparable demographic, but is considered good based on the mitigating factors discussed in the performance context. The portion of loans made to moderate-income borrowers in the AA exceeds the portion of families that are defined as such. The market share for loans to low-income borrowers is significantly lower than Stearns' overall market share. The market share for loans to moderate-income borrowers exceeds Stearns' overall market share.

Refinance loan borrower distribution is adequate. The portion of refinance loans made to low-income borrowers is below the comparable demographic, but is considered good based on the mitigating factors discussed in the performance context. The portion of loans made to moderate-income borrowers is below the comparable demographic. The market shares of such loans are also lower for low-income borrowers and somewhat lower for moderate-income borrowers.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate. The portion of Stearns' loans to small businesses (businesses with revenues of \$1 million or less) is below the portion of businesses that are defined as such. Stearns' market share of small loans to small businesses exceeds Stearns' overall market share for small loans to all businesses.

Small Loans to Farm

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to small farms (farms with revenues of \$1 million or less) is excellent. The portion of Stearns' loans to small farms exceeds the number of small

farms in the AA. Stearns' market share of loans to small farms exceeds Stearns' overall market share of loans to all size farms.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CD lending had a positive impact on the Lending Test conclusions. CD lending opportunities are limited in Stearns' AA and are very competitive. Several large banks in the AA aggressively pursue any CD loans. Given the limited CD loan opportunities and strong competition for these loans within the AA, Stearns has adequately addressed the needs within its AA. Stearns received CD loan credit for numerous CD loans made during the evaluation period outside of its AA.

During the evaluation period, Stearns originated twelve CD loans totaling \$41.4 million in the broader regional area which includes the bank's AA. Stearns' lending focused on affordable housing, Section 42 - LIHTC Financing. While none of these loans is individually complex or innovative, Stearns was the direct lender in each one. Within the United States, Stearns originated an additional twenty-four Section 42 loans totaling \$58.6 million. The following is a sample of the most significant loans made in the bank's regional area:

- Stearns originated a \$2.5 million loan to finance a 57-unit (Section 42) multi-family housing project in Savage, Minnesota. Stearns was the direct lender in this housing project which provided needed affordable housing in the Savage area.
- Stearns originated a \$2.7 million loan to finance a 51-unit (Section 42) elderly housing project in Woodruff, Wisconsin. Stearns was the direct lender in this project. The project provided housing to low- and moderate-income elderly residents.
- Stearns originated two loans totaling slightly over \$25 million to Aitkin Iron Works, Inc. of Aitkin, Minnesota. These loans provided the original construction and eventual renewal of a loan for a new expanded facility. These loans promoted economic development by financing a small business that employs 95 people, who are primarily low- and moderate-income employees, in the Aitkin area. Aitkin County has ten block numbering area tracts, of which eight are moderate-income. Aitkin Iron Works, Inc. meets the size eligibility requirements of the Small Business Investment Company programs.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusions.

Stearns offers an extensive small business and farm equipment leasing program. The lease products provide a valuable alternative to traditional credit financing. Many of these

businesses are small, start-up businesses which may not qualify for traditional financing. During the evaluation period, Stearns originated 166 leases totaling \$5.7 million in the AA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Outstanding". The bank's performance in the St. Cloud AA is excellent.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank's volume of investments is excellent based on the limited level of qualified investments in the AA. Our internal research, discussions with community contacts, and a review of the CRA performance evaluation of competing banks in the AA indicate that there are limited qualified CD investments in the bank's AA during the evaluation period.

During the evaluation period, Stearns made 7 investments in the AA totaling over \$1 million. Three additional investments were made prior to the evaluation period, but remain on the bank's books with a balance of \$732 thousand. Stearns committed to purchase an additional CD investment for \$1.2 million. This investment will likely be purchased in 2002. These investments adequately address the needs in the AA. Consideration was also given to prior period investments that were made at the statewide/regional area outside of the AA that remain outstanding. These investments are discussed below.

Stearns invested in five additional CD projects made outside of its AA, but in the state of Minnesota. These investments were made prior to the evaluation period but continue to support affordable housing projects in each community. The balance of these investments through December 31, 2001 is nearly \$1.7 million. The bank made equity investments in LIHTC projects via becoming limited partners in the projects. These projects helped meet the need for affordable housing in the following Minnesota communities; Alexandria, two projects in Coon Rapids, Stillwater, and Thief River Falls.

The total of all investments, including commitments, is slightly over \$3.4 million, this is approximately 5% of Stearns' Tier 1 capital.

The following is a discussion of Stearns' significant investments made in the AA:

Fannie Mae Mortgage Backed Securities

Stearns coordinated with Fannie Mae and purchased CRA-targeted mortgage backed securities backed by mortgages made within the bank's AA. Stearns purchased \$800M of these securities in April of 2002. Stearns also committed to purchase an additional \$1.2 million of the securities. The securities are pooled mortgages that must be 90% backed by loans made to borrowers in the bank's AA with income of less than 80% of the median family income (moderate-income) of the AA. This investment supports affordable housing in the AA.

Holdingsford CityView Apartments

In 1997, Stearns invested as a limited partner in a LIHTC project in Holdingsford, Minnesota. The project provided needed affordable housing units in the Holdingsford area. The remaining balance on the bank's books as of December 31, 2001 was \$513 thousand. Investment balances made by Stearns' affiliates, which Stearns elected to include for this examination, total \$219 thousand.

Central Minnesota Community Foundation (CMCF)

Stearns made regular donations totaling \$242 thousand during the evaluation period to the CMCF. CMCF provides grants and donations to over 300 charities covering an area that includes the bank's AA. Many of CMCF's significant grants support organizations providing community services to countless low- and moderate-income individuals.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". The bank's performance in the St. Cloud AA is good. Stearns' retail banking services are accessible to low- and moderate-individuals in the AA. Stearns' employees assume roles in several community organizations that promote economic development to small businesses and support affordable housing to low- and moderate-income individuals.

Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Stearns' delivery systems are accessible to geographies and individuals of different income levels throughout the AA. There is only one low-income tract and only one moderate-income tract out of 43 total tracts in the AA. The low-income tract has only .28% of the AA population and the moderate-income tract has 2.04% of the AA population. Both of Stearns' branches are located in middle-income. Eighty-six percent of the AA population resides in middle-income tracts.

There have been no branch closures in the AA. Stearns did sell one branch that was in its Ely, Minnesota AA. This branch was sold in 1999. The sale of the branch had a limited impact on this analysis. The bank no longer has any branches outside of the St. Cloud AA.

Stearns' hours and services offered throughout the AA are good. Both locations have expanded hours on Fridays. The St. Cloud branch is open on Saturday and both the St. Cloud and Albany branches have drive-ups open late on Friday and on Saturdays until noon.

Stearns offers a no minimum balance checking account in the AA that allows all customers to maintain accounts without fees. Stearns also offers a "fee free" business checking account designed for small businesses with limited transaction volume.

Stearns' ATM network offers an adequate alternative delivery system for delivering retail banking services. Stearns has 5 ATM locations, all located in middle-income tracts.

Customers can use ATM and debit cards at any of the bank's ATMs without any service charges.

Stearns has one loan production office, located in Bloomington. The office is located in a middle-income tract. The office specializes in commercial and commercial real estate lending.

Alternative delivery systems include telephone and internet banking. These services allow customers to obtain deposit and loan account information, make payments on Stearns loans, transfer funds, and internet banking allows customers to pay household bills online. Since the bank could not provide specific information on how low- and moderate-income individuals and geographies are impacted by the service, significant weight was not placed on the alternative delivery system when drawing conclusions for the AA under the Service Test.

Community Development Services

Stearns' performance in providing CD services to its AA is good. In meeting its strategic focus as a commercial bank, bank personnel are very active in organizations promoting economic development throughout the AA and throughout a broader regional area that includes the AA.

Major highlights of CD service activities in the AA during the evaluation period include:

St. Cloud Area Economic Development Partnership, Inc.

Two senior Stearns officers serve as directors for this organization. The organization promotes economic development in the AA by financing small businesses and small farms.

Central Minnesota Housing Partnership (CMHP)

A Stearns employee has been instrumental in the organization serving as a board member and treasurer. CMHP is a nonprofit regional housing development organization committed to improving and increasing affordable housing for low- and moderate-income families and individuals. Several of the bank's Section 42 loans are affiliated with CMHP's efforts. Stearns employees have also served as speakers for the CMHP Homestretch Program. This program provides technical assistance to individuals searching for affordable housing.

Central Minnesota Community Foundation (CMCF)

Two senior Stearns employees have served in a variety of positions including director of the organization. Stearns actively donates to the CMCF for CD activities. Employee involvement in the CMCF illustrates Stearns' commitment. CMCF gives grants to several groups located in the AA that serve the needs of low- and moderate-income families and individuals.

Stearns Bank Home Buyer Assistance

Stearns has an assistance program that offers free counseling to borrowers with homeownership issues. Loan officers counsel primarily benefit low- and moderate-income individuals. Loan officers cover steps needed to own a home, programs available, and how to improve credit status.

Small Business Development Center (SBDC)

Two Stearns employees specializing in small business lending were guest speakers at the "Dreams to Reality" seminar sponsored by the SBDC in St. Cloud, Minnesota. The seminar promoted economic development by targeting women who wanted to start a business. The

presentation included how to prepare for the loan process, how to develop a business plan, and discussed the 5 C's of credit.

The following CD services reach a broader regional area that includes the bank's AA:

Minnesota Business Finance Corporation (MBFC)

A senior Stearns officer serves on the board of this organization. MBFC promotes economic development within the state of Minnesota by providing financing and credit expertise to small businesses throughout the state. The businesses receiving benefit generally meet the size eligibility standards of the Small Business Administration's Development Company.

SBA Advisory Committee

A senior Stearns officer is a committee member of this advisory committee located in Minneapolis, Minnesota. Committee members provide expert advice, ideas, and opinions on SBA programs and other small business issues. The committee promotes economic development by providing an essential connection between the SBA and SBA program participants, including small businesses. The businesses receiving ultimate benefit generally meet the size eligibility standards of the Small Business Administration's Development Company.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term "full-scope") and those that received a less comprehensive review (designated by the term "limited-scope").

Time Period Reviewed	Lending Test (excludes CD Loans): 1/01/99 to 12/31/01 Investment and Service Tests and CD Loans: 02/17/99 to 04/29/02	
Financial Institution	Products Reviewed	
Stearns Bank National Association St. Cloud, Minnesota	Home mortgage loans, small loans to business and farms, and CD loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Stearns Bank - Holdingford Stearns Bank - Upsala	Common Ownership	CD Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
St. Cloud AA (Benton, Sherburne and Stearns Counties)	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

St. Cloud.....	B-2
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St. Cloud AA

Demographic Information for Full Scope Area: Stearns						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	43	2.33	2.33	81.40	11.63	2.33
Population by Geography	190,921	0.28	2.04	85.76	11.52	0.39
Owner-Occupied Housing by Geography	46,726	0.02	2.35	87.43	10.20	0.00
Business by Geography	10,155	3.18	2.01	85.22	9.56	0.03
Farms by Geography	1,937	0.05	11.00	83.48	5.47	0.00
Family Distribution by Income Level	46,471	17.22	19.43	27.57	35.79	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	17,029	0.09	2.96	91.24	5.71	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		34,381 58,291 11.68%		Median Housing Value Unemployment Rate (1990 US Census)		63,805 2.81%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 US Census and 2001 HUD updated MFI

The St. Cloud AA is the bank's only AA. It includes all of the St. Cloud MSA, consisting of Benton and Stearns County, and the northwest portion of the Minneapolis/St. Paul MSA which is Sherburne County. The AA consists of 43 census tracts. The income characteristics of the tracts are one low-income, one moderate-income, 35 middle-income, five upper-income, and one unknown. The unknown tract consists entirely of a prison facility.

The St. Cloud area economy has historically been strong. The pending closure of one of its largest employers, Fingerhut Corporation with nearly 3,000 employees, will seriously affect the AA. The extent of this plant closing on the local economy is not yet known as several other companies have inquired about leasing or purchasing the Fingerhut facility. Other large employers include; retail stores, service companies, manufacturing and local health care facilities.

Financial competition in the AA is strong. Over 50 financial institutions, including branches of large national banks and regional banks, are in the AA. Primary competition includes; Wells Fargo Bank Minnesota, National Association; Bremer Bank, National Association; First National Bank of Elk River; and U.S. Bank, National Association with deposit market shares of 10.3%, 9.3%, 8.5% and 7.5% respectively. 2000 HMDA numbers indicate that 213 lenders made at least one HMDA loan in the AA.

Community development opportunities are limited and competition for CD loans and investments among the AA's financial institutions for the available projects is fierce. Recent CD lending opportunities have been aggressively priced with favorable terms for the borrowers. We did not identify any CD opportunities in the AA that are not being met.

Community contacts made during the examination indicate that the primary need within the St. Cloud AA is affordable housing. High housing costs exceed the capacity of many wage earners within the AA. The lack of affordable housing is the single largest hurdle low-and-moderate income individuals face.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - This table was omitted due to lack of reported data for other loan products.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: ST. CLOUD						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
St. Cloud	100.00	598	64,607	1,516	120,115	494	10,457	0	0	2,608	195,179	100.00
Outside the AA								12	41,400			

* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From February 17, 1999 to April 29, 2002.

*** Deposit Data as of December 31, 1999. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: ST. CLOUD						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
St. Cloud	192	100.00	0.02	0.00	2.35	0.00	87.43	75.00	10.20	25.00	1.06	0.00	0.00	0.83	2.63

* Based on 2000 Peer Mortgage Data: Midwest Region.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: ST. CLOUD								Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
St. Cloud	58	100.00	0.02	0.00	2.35	0.00	87.43	94.83	10.20	5.17	1.78	0.00	0.00	1.82	1.71

* Based on 2000 Peer Mortgage Data: Midwest Region.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: ST. CLOUD						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
St. Cloud	341	100.00	0.02	0.00	2.35	0.00	87.43	81.82	10.20	18.18	1.12	0.00	0.00	0.90	3.68

* Based on 2000 Peer Mortgage Data: Midwest Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: ST. CLOUD						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
St. Cloud	7	100.00	2.02	0.00	0.59	0.00	87.95	85.71	9.44	14.29	4.76	0.00	0.00	5.41	0.00

* Based on 2000 Peer Mortgage Data: Midwest Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: ST. CLOUD						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
St. Cloud	1,516	100.00	3.18	3.23	2.01	0.13	85.22	86.41	9.56	10.22	11.84	16.67	1.64	12.47	10.71

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2001).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: ST. CLOUD				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001								
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
St. Cloud	494	100.00	0.05	0.00	11.00	2.83	83.48	94.53	5.47	2.63	33.70	0.00	10.87	36.64	28.57

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2001).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: ST. CLOUD						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001								
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	Overall	Low	Mod	Mid
Full Review:																
St. Cloud	192	100.00	17.22	8.85	19.43	24.48	27.57	26.04	35.79	40.63	1.18	0.75	0.69	1.34	1.75	

* Based on 2000 Peer Mortgage Data: Midwest Region.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: ST. CLOUD				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001								
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
St. Cloud	58	100.00	17.22	3.45	19.43	24.14	27.57	36.21	35.79	36.21	1.81	0.00	2.67	0.81	2.86

* Based on 2000 Peer Mortgage Data: Midwest Region.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: ST. CLOUD						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
St. Cloud	341	100.00	17.22	4.40	19.43	15.84	27.57	34.90	35.79	44.87	1.29	0.00	0.76	1.15	2.41

* Based on 2000 Peer Mortgage Data: Midwest Region.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ST. CLOUD		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev: \$1 Million or Less
Full Review:									
St. Cloud	1,516	100.00	85.63	67.88	80.41	12.07	7.52	11.84	16.95

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.13% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: ST. CLOUD		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev: \$1 Million or Less
Full Review:									
St. Cloud	494	100.00	96.02	100.00	96.96	2.63	0.40	33.70	35.33

* Based on 2000 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: ST. CLOUD				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
St. Cloud	3	732	7	1,052	10	1,784	100.00	1	1,200
Outside the AA	5	1,660			5	1,660			

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: ST. CLOUD Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001																		
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population				
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full Review:																		
St. Cloud	100.00	2	100	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.28	2.04	85.76	11.52	